

Message Text

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13

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 L-03 SS-15 H-02 NSC-10

RSR-01 /088 W

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R 081010 Z MAY 73

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 1253

INFO AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMCONSUL MONTREAL

UNCLAS THE HAGUE 2107

LONDON FOR CAA

E. O. 11652: N/ A

TAGS: ETRN

SUBJECT: CIVAIR - EXCHANGE RATE FOR AIR FARES

1. WE FIND IT ANOMALOUS THAT TRANSATLANTIC AIRLINES CONTINUE TO QUOTE GUILDER PASSENGER FARES ON SERVICES FROM AMSTERDAM TO POINTS IN US BASED ON DOLLAR/ GUILDER EXCHANGE RATE OF FL 3.27, OR SLIGHTLY ABOVE OLD SMITHSONIAN RATE. AS PASSENGERS ORIGINATING HERE MAY PAY ONLY IN GUILDERS AT PREVAILING (FLOATING) RATE HAS BEEN STEADY AT ABOUT FL 2.95, THIS MEANS IN EFFECT THAT LOCALLY ORIGINATING PASSENGERS MUST PAY ROUGHLY 10 PERCENT MORE TO CROSS ATLANTIC THAN US ORIGINATING PASSENGERS. THUS WE ARE LOSING POTENTIAL BENEFIT TO TRAVEL USA PROGRAM FROM LATEST GUILDER REVALUATION AS FAR AS AIR FARES ARE CONCERNED (ALTHOUGH ACTUAL EXCHANGE RATE APPLIES, OF COURSE, TO DUTCH TOURIST EXPENDITURES WITHIN US).

2. WE UNDERSTAND FROM PANAM THAT NO CHANGE IN GUILDER FARE IS CONTEMPLATED BUT THAT DOLLAR FARE MAY BE RAISED IN AUTUMN BY AGREEMENT WITHIN IATA. WHILE WE HERE ARE NOT IN POSITION TO JUDGE RELATIVE ECONOMIC MERIT OF HARMONIZATION UPWARDS VS. DOWNWARDS,
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WE WONDER WHETHER IT WOULD NOT BE FEASIBLE IN MEANTIME TO URGE AIRLINES TO CONSIDER ARRANGEMENT UNDER WHICH CERTAIN CLASSES OF TRAVELLERS, E. G. GROUPS OF 10 OR MORE WHO BOOK 30 DAYS IN ADVANCE, MIGHT BE PERMITTED TO PAY FARE IN DOLLARS. ANOTHER TECHNIQUE MIGHT BE TO AUTHORIZE EUROPE- ORIGINATING ROUND TRIP PASSENGERS TO PAY EAST- BOUND PORTION IN DOLLARS.

3. IN OUR CONSIDERED VIEWS, REDUCTION OF 5-10 PERCENT IN ROUND TRIP SCHEDULED FARES IMPLICIT IN THESE SUGGESTIONS WOULD HAVE APPRECIABLE STIMULATING EFFECT ON EUROPEAN TRAVEL TO US, EVEN FOR PEAK SEASON NOW BEGINNING.

MIDDENDORF

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NMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 08 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973THEHA02107
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: THE HAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730539/aaaaijvz.tel
Line Count: 75
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 03 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03-Aug-2001 by reddocgw>; APPROVED <17-Aug-2001 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 980105
Subject: CIVAIR - EXCHANGE RATE FOR AIR FARES
TAGS: ETRN, ETRN
To: BRUSSELS
EB
LONDON
MONTREAL
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

